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Matthew La Madrid

UNITED STATES DISTRICT COURT

FOR THE SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

PLUS MONEY, INC. AND MATTHEW LA MADRID.

Defendants,

THE PREMIUM RETURN FUND LIMITED-LIABILITY LIMITED PARTNERSHIP; THE PREMIUM RETURN FUND II LIMITED-LIABILITY LIMITED PARTNERSHIP; THE PREMIUM RETURN FUND III LIMITED-LIABILITY LIMITED PARTNERSHIP; RETURN FUND, LLC; RETURN FUND II, LLLC; RETURN FUND III, LLC; RETURN FUND IV, LLC; RETURN FUND V, LLC; RETURN FUND VI, LLC; PALLADIUM HOLDING COMPANY; and DONALD LOPEZ,

Relief Defendants.

CASE NO. 08-CV-0764 BEN (NLS)

DECLARATION OF JOSEPH N. CASAS IN SUPPORT OF MOTION TO STAY CIVIL PROCEEDINGS PENDING RESOLUTION OF CRIMINAL ACTION

DATE: August 11, 2008
TIME: 10:30 a.m.
COURTROOM: 3
JUDGE: Hon. Roger T. Benitez

I, Joseph N. Casas, declare as follows:

1. I am an attorney at law duly admitted to practice in this district and before all courts of the States of Illinois and California. I am the attorney of record for defendant herein, Matthew La Madrid ("Mr. La Madrid"). I have personal knowledge of the matters stated herein and if called as a witness would testify competently thereto.

2. Mr. La Madrid is currently defending charges filed by ten (10) individual investors in a California state proceeding, case number 37-2008-00081169-CU-SL-CTL. That case was stayed on or about July 2, 2008 as a result of filing a motion requesting a stay of proceedings.[1] Mr. La Madrid is also the subject of an ongoing criminal investigation by Assistant U.S. Attorney Steven E. Stone of the United States Attorney's Office for the Southern District of California ("AUSA").

3. The SEC and the AUSA have been conducting concurrent investigations of Mr. La Madrid relating to sales of securities and investment activities on behalf of Plus Money, Inc. Both the civil and the criminal investigations arise from and relate to the same activities.

4. On April 17, 2008, the Federal Bureau of Investigation ("FBI"), at the direction of the AUSA, executed a search warrant on Mr. La Madrid's personal residence. The search warrant authorized federal agents to search for evidence, fruits, and/or property designed for use or used for committing a crime. The FBI seized numerous items including computers and business records as part of the AUSA's ongoing criminal investigation in search of information related to Mr. La Madrid's investment activities and the disposition of all the investors' money, which he managed for the Premium Return Funds.

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[1] A status conference is set for January 23, 2009 in Department 64 of the San Diego County Superior Court to review the status of any known criminal investigation and/or prosecution and the status of the receivership, in addition to the charges filed by the Securities and Exchange Commission ("SEC") in this action.

5. On April 28, 2008, the Securities and Exchange Commission ("SEC") filed a complaint in the United States District Court for the Southern District against Defendants Plus Money, Inc. and Matthew La Madrid, and Relief Defendants The Premium Return Fund Limited Liability Limited Partnership, The Premium Return Fund II Limited Liability Limited Partnership, The Premium Return Fund III Limited Liability Limited Partnership, Return Fund, LLC, Return Fund II, LLC, Return Fund III, LLC, Return Fund IV, LLC, Return Fund V, LLC, Return Fund VI, LLC, Palladium Holding Company, and Donald Lopez. I was initially retained to represent all Defendants and Relief Defendants except Palladium Holding Company and Donald Lopez styled *Securities & Exchange Commission v. Plus Money, Inc. et al.*, case number 08 CV 00764 BEN NLS.[2]

6. Approximately one week ago, Mr. La Madrid dismissed his criminal attorney, Charles Goldberg. Mr. La Madrid has retained me as his new criminal defense attorney.

7. I am informed and believe that the United States Attorney's Office is actively pursuing its criminal investigation, and that an announcement of Mr. La Madrid's indictment is "imminent." Mr. La Madrid has been fully cooperating with the AUSA in its investigation. Moreover, Mr. La Madrid has not attempted to secret his assets in any manner since April 1, 2008 when his legal problems began.

8. Based on my research and inquiry, I believe (as does Mr. La Madrid) the allegations in the instant action arise from the same set of facts that are the subject of the charges filed by the ten (10) individual investors and substantially the same facts which are the subject of the AUSA's criminal investigation. At the core of all these proceedings is Mr. La Madrid's investment activities and actions related to the investors.

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[2] Since then, the Receiver has relieved me and this firm from representation of any of the entity funds. As such, the scope of representation relative to this case only extends to Mr. La Madrid individually.

As such, the evidence gained through discovery in the present case would invariably be used to prove the criminal elements potentially at issue.

9. A stay will not cause prejudice to the SEC through loss of evidence, witnesses or recoverable assets because they are currently in the possession of the FBI, or are being monitored and tracked by the AUSA in its criminal investigation. A stay is necessary to protect Mr. La Madrid's Fifth Amendment rights and is in the interests of judicial economy and the public.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on July 7, 2008 at San Diego, California.

Joseph N. Casas